

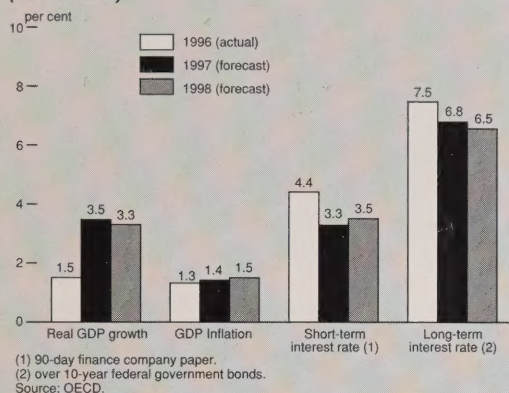
# Government of Canada Securities

A Publication of the Department of Finance

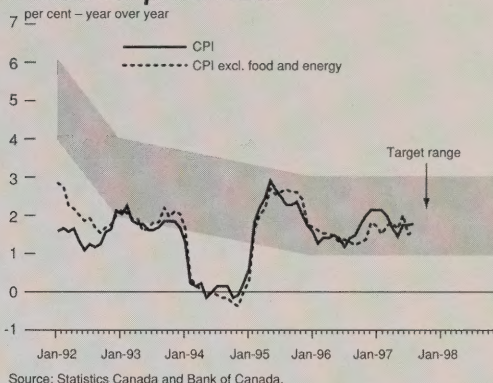
October 1997

## Canadian Economy

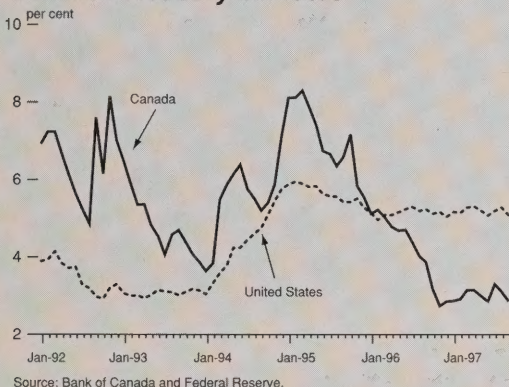
### OECD economic forecast for Canada (June 1997)



### Consumer price index



### 3-month Treasury bill rates



### 10-year government bond rates



### Upcoming economic data releases of interest

#### November

October Labour Force Survey  
(November 7)

October CPI  
(November 19)

#### December

1997Q3 National Accounts  
(December 1)

November Labour Force Survey  
(December 5)

November CPI  
(December 19)

#### January

December Labour Force Survey  
(January 9)

December CPI  
(January 22)



# Government of Canada Securities

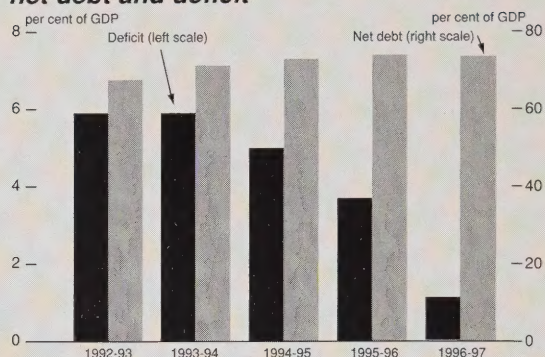
## Canadian Economy

### Selected Canadian economic statistics

	1995	1996	1996		1997	
			Q3	Q4	Q1	Q2
<b>Annualized growth rates</b>						
Real gross domestic product	2.3	1.5	3.3	2.9	3.7	4.9
GDP excluding inventories	2.0	2.3	0.6	0.3	6.7	2.4
Final domestic demand	0.6	2.5	4.4	7.5	6.1	4.8
Employment	1.6	1.3	0.6	1.4	1.1	3.7
<b>Other</b>						
Unemployment rate	9.5	9.7	9.8	9.9	9.6	9.4
Current account balance (per cent of nominal GDP)	-1.0	0.5	0.8	-0.3	-0.4	-1.5

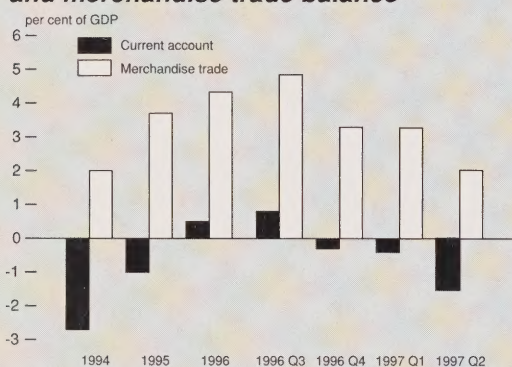
Source: Statistics Canada.

### Government of Canada net debt and deficit

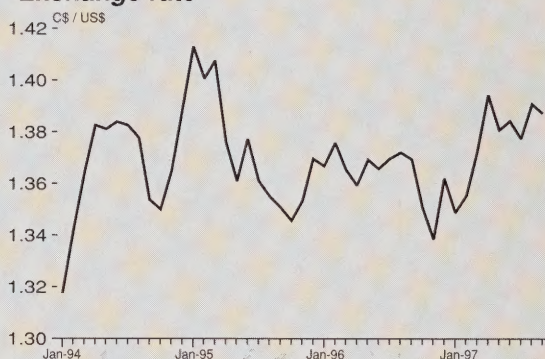


Source: Department of Finance.

### Canada's current account balance and merchandise trade balance

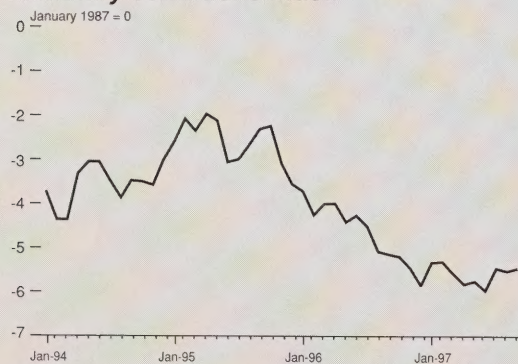


### Exchange rate



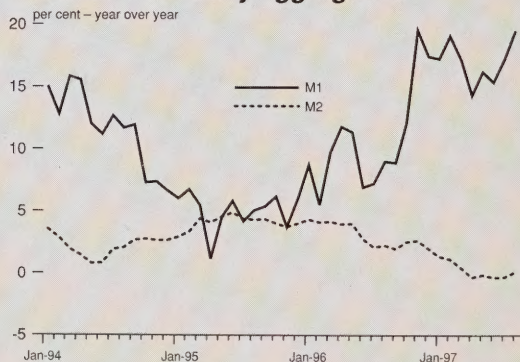
Source: Bank of Canada Review.

### Monetary conditions index



Source: Bank of Canada.

### Canadian monetary aggregates



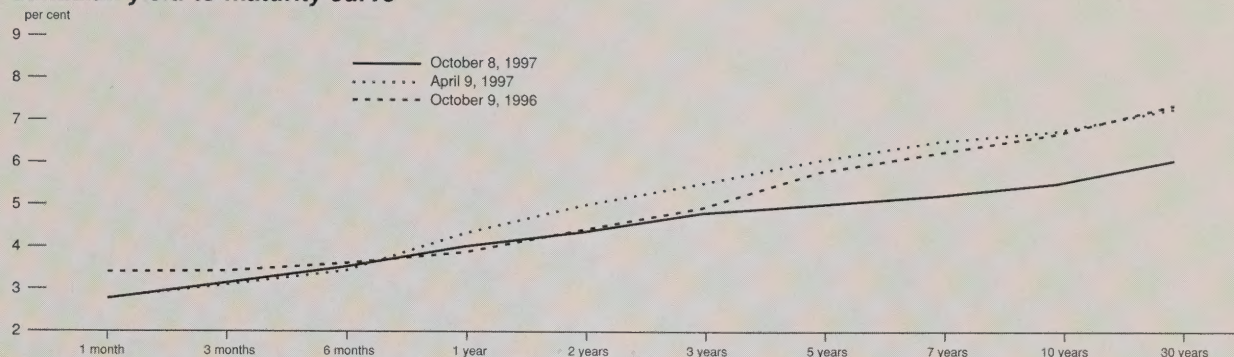
Source: Bank of Canada Review.



# Government of Canada Securities

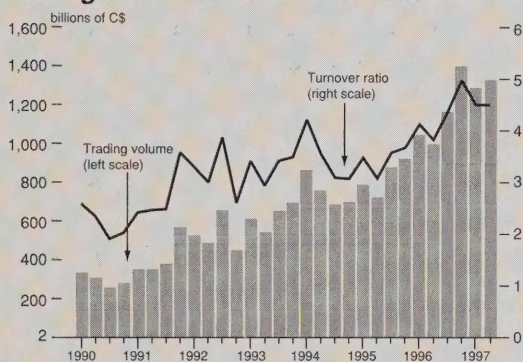
## Secondary Market

**Canadian yield-to-maturity curve**



Source: Bank of Canada Review.

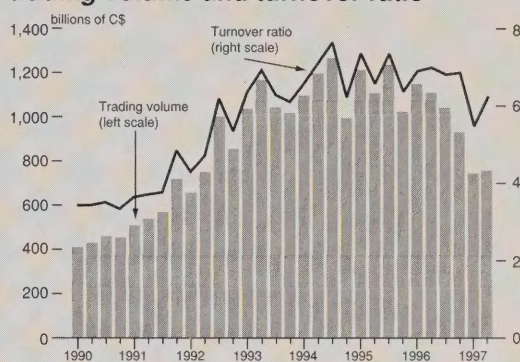
**Government of Canada bonds trading volume and turnover ratio**



Trading volume is total trading volume in each quarter.  
 Turnover ratio = total trading volume in each quarter/stock.

Source: Bank of Canada.

**Government of Canada Treasury bills trading volume and turnover ratio**



Trading volume is total trading volume in each quarter.  
 Turnover ratio = total trading volume in each quarter/stock.

Source: Bank of Canada.

### Primary Distributors

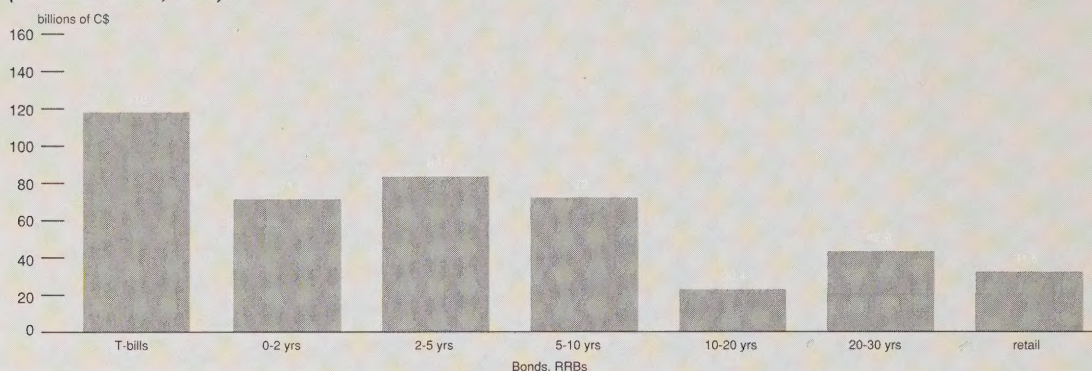
- Bank of America Canada
- Bank of Montreal (Treasury bills only)
- Beacon Securities
- BLC Securities Inc.
- La Caisse centrale Desjardins
- Canadian Imperial Bank of Commerce (Treasury bills only)
- Casgrain & Company Limited
- CIBC Wood Gundy Securities Inc. (marketable bonds only)
- CTI Capital Inc.
- Deutsche Morgan Grenfell Limited
- First Canada Securities Limited
- Golden Capital Securities Limited
- Goldman Sachs Canada
- Hongkong Bank of Canada
- Lehman Brothers Canada Inc.
- Lévesque Beaubien Geoffrion Inc.
- Merrill Lynch Canada Inc.
- Midland Walwyn Capital Inc.
- J.P. Morgan Securities Canada Inc.
- Morgan Stanley Canada Limited
- Nesbitt Burns (marketable bonds only)
- Odlum Brown Limited
- C.M. Oliver & Company Limited
- RBC Dominion Securities
- Salomon Brothers Canada Inc.
- ScotiaMcLeod Inc.
- Société Générale Valeurs Mobilières Inc.
- Tassé & Associates, Limited
- The Toronto-Dominion Bank
- Whalen, Béliveau & Associates Inc.



# Government of Canada Securities

## Primary Market

**Outstanding Government of Canada Treasury bills, bonds (by term maturity) and retail debt (as of October 8, 1997)**



### Recent Government of Canada bond auction results

Auction date	Term	Maturity date	Coupon rate	Issue amount	Average price	Average yield	Auction coverage	Tail
	(years)		(%)	(millions of dollars)		(%)		(basis points)
Jul 23/97	30	Jun 1/27	8.00	1,300	120.14	6.47	2.21	1.3
Aug 6/97	10	Jun 1/08	6.00	2,300	99.39	6.08	2.20	0.8
Aug 27/97	5	Sep 1/02	5.50	2,500	100.01	5.48	2.11	0.8
Sep 3/97	30	Dec 1/26	4.25*	400	100.33	4.23	2.87	n.a.
Sep 10/97	2	Sep 15/99	4.75	3,500	100.23	4.63	2.29	0.9

Coverage is defined as the ratio of total bids at auction to the amount auctioned.

Tail is defined as the high accepted yield minus the average yield.

\*Real Return Bonds.

Source: Department of Finance.

### Forthcoming Government of Canada bond auctions

Type of issue	Auction date (1997)	Further details of issue (1997)	Dated and delivered (1997)	Amount maturing
				(millions of dollars)
30-year auction*	October 29	October 23	November 3	—
10-year auction*	November 5	October 30	November 17	—
5-year auction*	November 26	November 20	December 1	—
RRB auction**	December 3	November 27	September 8	—
2-year auction*	December 10	December 4	December 15	—

\*Quarterly issue.

\*\*Single-price auction format.



# Government of Canada Securities

## Primary Market

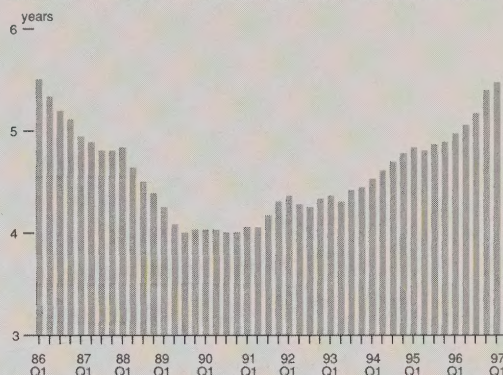
### Government of Canada bond market benchmarks (October 8, 1997)

Term	Maturity	Coupon (%)	Amount outstanding (millions of dollars)	Yield Oct.8/97 (%)
<b>Fixed coupon</b>				
2-year	Mar 15/99	4.75	7,000	4.40
5-year	Sep 1/01	7.00	10,600	5.31
10-year	Jun 1/07	7.25	9,500	6.00
30-year	Jun 1/27	8.00	8,400	6.58
<b>Real return</b>				
30-year	Dec 1/21	4.25	5,175	4.20

The normal bid-ask spread on these bonds is 5 cents.

Source: Department of Finance.

### Average term to maturity of Government of Canada marketable debt



### Forthcoming Government of Canada marketable bond maturities

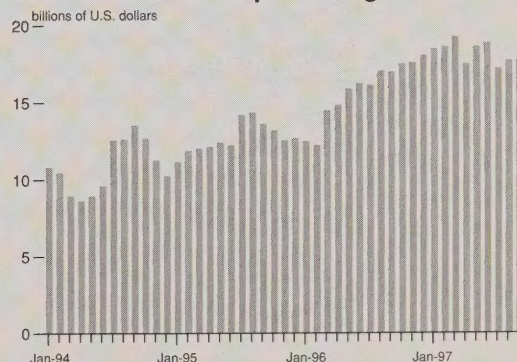
October-December 1997	January-March 1997	April-June 1998	July-September 1998	October-December 1998
(millions of dollars)				
2,775	14,722	0	12,800	10,475

### Outstanding Government of Canada / U.S. dollar-denominated debt (as of September 30, 1997)

	(millions)
Canada Bills	US\$5,195
Canada Notes	US\$1,297
Outstanding under EMTN program	US\$443.9
Floating rate note maturing February 1999 (paying LIBOR less 25 basis points)	US\$2,000
6½% bonds maturing May 30, 2000	US\$1,500
6½% bonds maturing May 30, 2001	US\$1,000
6½% bonds maturing July 15, 2002	US\$1,000
6½% bonds maturing July 21, 2005	US\$1,500
6¼% bonds maturing Aug 28, 2006	US\$1,000

Source: Department of Finance.

### Canada's level of liquid foreign reserves



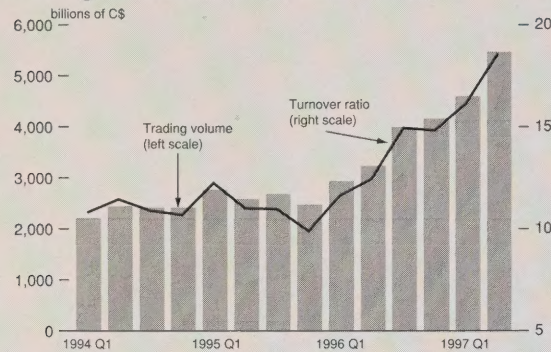


CAI  
FN  
-GSI

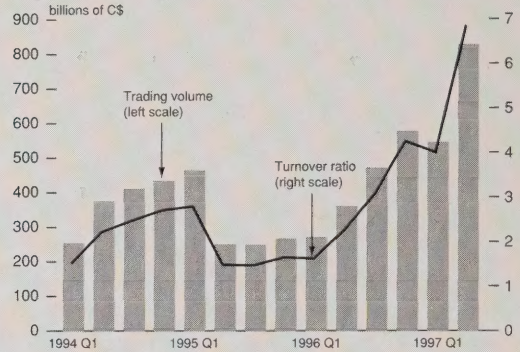
# Government of Canada Securities

## Secondary Market

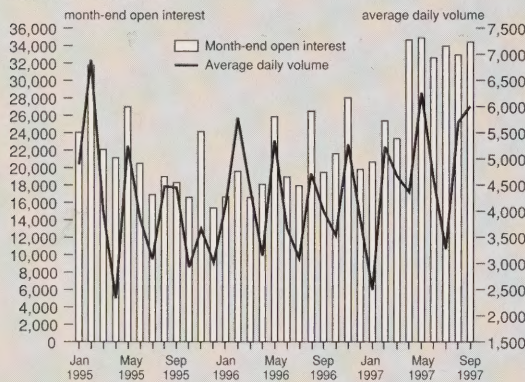
**Government of Canada bond repos trading volume and turnover ratio**



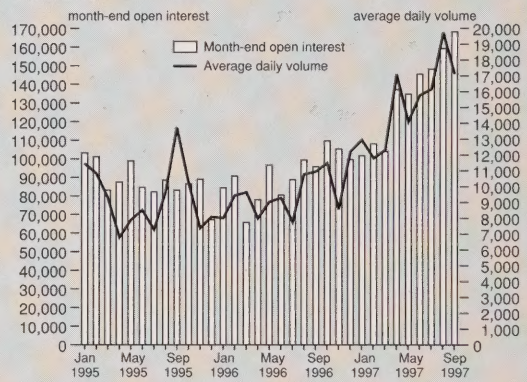
**Government of Canada Treasury bill repos trading volume and turnover ratio**



**10-year Government of Canada bond futures**



**3-month bankers acceptance futures**



### Government of Canada long-term credit ratings (as of October 23, 1997)

	Standard and Poor's	Moody's Investor Service	Canadian Bond Rating Service	Dominion Bond Rating Service
<b>Domestic Debt</b>	<b>AAA</b>	<b>Aa1</b>	<b>AA+</b>	<b>AAA</b>
- Trend	Stable	-	Stable	Stable
<b>Foreign Debt</b>	<b>AA+</b>	<b>Aa2</b>	<b>AA+</b>	<b>AA(high)</b>
- Trend	Stable	-	Stable	Stable

This publication is also available on the Internet at <http://www.fin.gc.ca/>

Except as noted, the information in **Government of Canada Securities** is based upon data available as of September 30, 1997.

For further information, contact either Geneviève Lavallée at (613) 996-0309 or Nigel Stephens at (613) 943-1944.

Cet imprimé est également disponible en français.



Department of Finance  
Canada

Ministère des Finances  
Canada

